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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 002635

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SUBJECT: PFP CONSIDERING DESPERATE MEASURES TO GET KMT TO  
SHARE POWER

Classified By: Director Stephen M. Young, Reason(s): 1.4 (B/D).

¶1. (C) Summary: A PFP campaign strategist told AIT August 1 that the party is prepared to fight dirty if KMT Chairman Ma Ying-jeou continues to "arrogantly" ignore PFP power-sharing demands. He claimed the PFP has evidence linking KMT Taipei mayoral candidate Hau Long-bin to the Lafayette kickback scandal, and that PFP Chairman James Soong will use this evidence against Hau during his own mayoral campaign. The PFP wants to cooperate with the KMT in jointly naming candidates for the 2007 Legislative Yuan elections, but is ready to oppose the KMT in every race if that cooperation doesn't materialize. End Summary.

¶2. (C) People First Party (PFP) legislator and campaign strategist Vincent Chang (Hsien-yao) told AIT August 1 that it is "ninety-percent certain" that PFP Chairman James Soong will enter the December Taipei mayoral race. Chang predicted Soong's single-digit popularity rating will jump at least ten points after Soong formally announces his candidacy, putting him within striking distance of Democratic Progressive Party (DPP) candidate and former premier Frank Hsieh though still well behind Kuomintang (KMT) candidate Hau Long-bin. Soong's chances are better than widely believed, Chang argued, because Hau is not as clean as many voters think he is. Chang claimed the PFP has information which proves that Hau Long-bin was intimately involved in the Lafayette kickback scandal. The PFP will release this information to the media late in the campaign. Hau enjoys only lukewarm support among Deep Blue voters because of his service as environmental minister in DPP President Chen Shui-bian's first administration, according to Chang. As Deep Blue voters become increasingly disillusioned with Hau, Chang predicted, they will transfer their support to Soong.

¶3. (C) Chang said that the KMT has repeatedly ignored PFP calls for pan-Blue cooperation in selecting candidates for the Taipei mayoral race and the 2007 Legislative Yuan (LY) elections. Frustrated and angry, the PFP leadership has prepared a study which they hope will convince the KMT of the merits of cooperation. The study, drafted by Chang at Soong's request, predicts that if the PFP runs candidates against the KMT in each of the 73 new single-member districts, the PFP, KMT, and DPP are likely to win 8, 38, and 22 seats, respectively, with independents and minor parties taking the remaining five seats. In this scenario, the split

in pan-Blue voting gives the DPP 5-8 more seats than it would win if the KMT and PFP cooperate. If the KMT refuses to set aside certain races for the PFP, Chang said, the PFP will nominate experts, young people, and popular local figures to challenge the KMT in every single voting district.

14. (C) The KMT is arrogant in ignoring PFP requests to share power, Chang suggested, adding that public support for KMT Chairman Ma Ying-jeou is declining because he has been unable to reform the KMT or help it shed its image as a corrupt party. In fact, even though attention is currently focused on the scandals surrounding President Chen Shui-bian, the problems plaguing the KMT are far more serious and will become increasingly more public. The PFP can play an important role by giving pan-Blue voters a viable alternative to the KMT, Chang asserted.

Comment  
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15. (C) The PFP leadership is increasingly frustrated and is becoming desperate over its prospects in future elections, particularly the 2007 LY elections which will be conducted under new electoral rules that disadvantage smaller parties. Other than threats to run candidates against the KMT in the LY elections, the PFP has two other forms of leverage. In theory, a Soong campaign for mayor could split the Blue vote, throwing the election to DPP candidate Frank Hsieh, though Soong's abysmal poll ratings appear to belie that possibility. In addition, the PFP caucus gives the KMT the votes it needs to maintain a pan-Blue majority in the current LY. If the PFP becomes less cooperative in the run-up to the December mayoral elections, that could impair the KMT's ability to call the shots in the fall LY session.

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This cable was prepared by POL intern Eugene Chen.  
YOUNG